

BROOKLYN COLLEGE AUXILIARY
ENTERPRISE CORPORATION
Financial Statements and
Supplementary Information
June 30, 2021 and 2020
(With Independent Auditors' Report Thereon)

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 8
Financial Statements:	
Statements of Net Position	9
Statements of Revenue, Expenses and Changes in Net Position	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 18

* * * * *

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Brooklyn College Auxiliary Enterprise Corporation:

Report on the Financial Statements

We have audited the accompanying financial statements of Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) as of and for the years ended June 30, 2021 and 2020, and the related notes to financial statements, which collectively comprise the Auxiliary's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Auxiliary's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Auxiliary's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Brooklyn College Auxiliary Enterprise Corporation as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 21, 2021

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis

June 30, 2021

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of Brooklyn College Auxiliary Enterprise Corporation's (the Auxiliary) financial position as of June 30, 2021, and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying audited financial statements and related notes.

Financial Highlights

- The Auxiliary's net position increased by \$830,507 or 54%. This variance is mainly due to the timing of the City University of New York's (CUNY) support for the 2021 fiscal year.
- Operating revenue decreased by \$300,882 or 34%. This variance is a result of a decrease in commission revenue, facility rentals, parking fees, regalia and memorabilia revenue and kiosk sim card revenue.
- Operating expenses decreased by \$238,557 or 33%. This variance is a result of a decrease in student services and parking expenses.

Financial Position

The Auxiliary's net position, the difference between assets and liabilities, is one way to measure the Auxiliary's financial health. Over time, increases and decreases in the Auxiliary's net position is just one indicator of whether its financial position is improving.

Statements of Net Position

The following summarizes the Auxiliary's assets, liabilities and net position as of June 30, 2021 and 2020, under the accrual basis of accounting:

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets:				
Current assets	\$ 2,496,390	1,562,340	934,050	60%
Noncurrent assets	<u>35,880</u>	<u>37,440</u>	<u>(1,560)</u>	(4%)
Total assets	<u>2,532,270</u>	<u>1,599,780</u>	<u>932,490</u>	58%
Liabilities	<u>151,558</u>	<u>49,575</u>	<u>101,983</u>	206%
Net position:				
Net investment in capital assets	35,880	37,440	(1,560)	(4%)
Unrestricted	<u>2,344,832</u>	<u>1,512,765</u>	<u>832,067</u>	55%
	<u>\$ 2,380,712</u>	<u>1,550,205</u>	<u>830,507</u>	54%

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

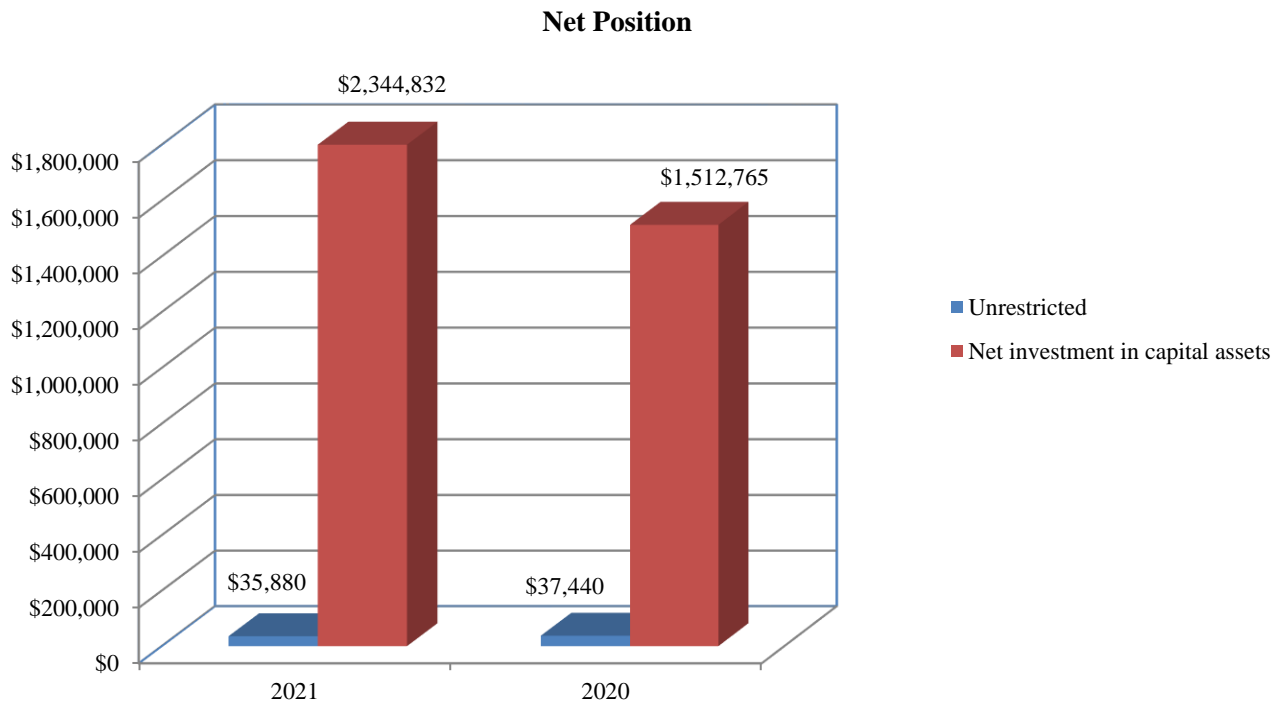
At June 30, 2021, the Auxiliary's total net position increased by \$830,507 or 54%, compared to the previous year.

At June 30, 2021, the Auxiliary's current assets increased by \$934,050 or 60% and noncurrent assets decreased by \$1,560 or 4% compared to the previous year. This variance is a result of the timing of CUNY's support for the 2021 fiscal year, prep center operating revenue, an increase in virtual bookstore operating revenue and depreciation of noncurrent assets.

At June 30, 2021, the Auxiliary's total liabilities increased by \$101,983 or 206%, compared to the previous year. This variance resulted primarily from an increase in the amount due to voucher payables.

There were no other significant or unexpected changes in the Auxiliary's assets and liabilities.

The following illustrates the Auxiliary's net position at June 30, 2021 and 2020 by category:



BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

Statements of Revenue, Expenses and Changes in Net Position

The statements of revenue, expenses and changes in net position present the operating results of the Auxiliary, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2021 and 2020, are as follows:

Revenue

	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Virtual bookstore commissions	\$ 117,865	32,640	85,225	261%
Cafeteria and vending commissions	-	77,797	(77,797)	(100%)
Kiosk print and copy commissions	-	15,819	(15,819)	(100%)
Regalia and memorabilia commissions	9,005	43,147	(34,142)	(79%)
Parking fees	-	191,769	(191,769)	(100%)
Facility rentals	33,730	139,046	(105,316)	(76%)
Testing	913	36,367	(35,454)	(97%)
Royalty	12,854	76,009	(63,155)	(83%)
Sri@jamaica bay	5,000	10,771	(5,771)	(54%)
Donated services	228,316	211,836	16,480	8%
ATM revenue	3,000	7,200	(4,200)	(58%)
BCBC revenue	766	36,904	(36,138)	(98%)
Prep center revenue	178,020	-	178,020	100%
Grant revenue	-	10,000	(10,000)	(100%)
Other	-	1,046	(1,046)	(100%)
Total operating revenue	<u>589,469</u>	<u>890,351</u>	<u>(300,882)</u>	(34%)
Nonoperating revenue:				
Interest income	2,788	5,526	(2,738)	(50%)
CUNY support	<u>745,560</u>	<u>-</u>	<u>745,560</u>	100%
Total nonoperating revenue	<u>748,348</u>	<u>5,526</u>	<u>742,822</u>	13,442%
Total revenue	\$ <u>1,337,817</u>	<u>895,877</u>	<u>441,940</u>	49%

The Auxiliary's total revenue for the year ended June 30, 2021 amounted to \$1,337,817 an increase of \$441,940 or 49%, compared to the previous year. The major components of this variance were due to an increase in CUNY support, virtual bookstore commissions and prep center revenue offset by decreases in cafeteria and vending commissions, facility rentals, testing, royalty, parking fees and kiosk commissions resulting in an overall increase in revenue.

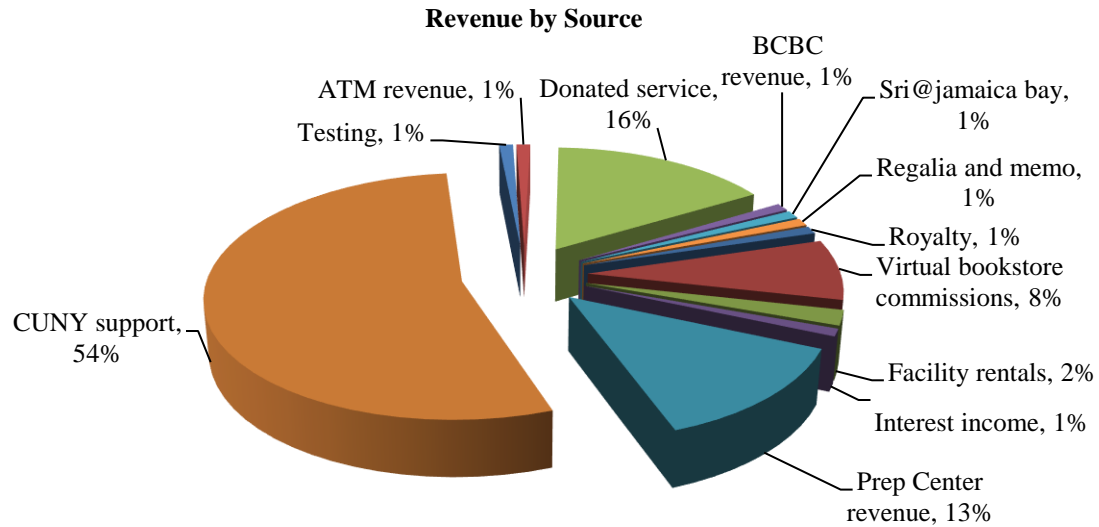
For the year ended June 30, 2021, donated services, prep center revenue and CUNY support represented 16%, 13% and 54% of total revenue, respectively. Accordingly, the Auxiliary is dependent upon this level of operational support.

There were no other significant or unexpected changes in the Auxiliary's revenue.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's revenue, by source, for the year ended June 30, 2021:



Expenses

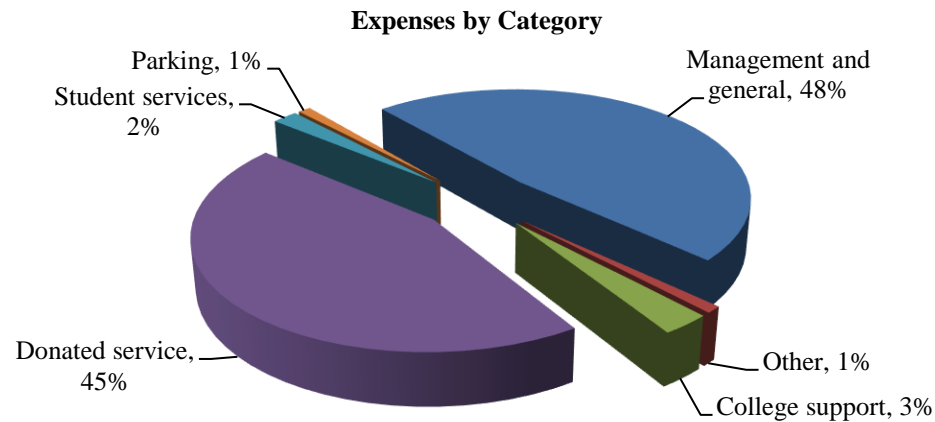
	<u>2021</u>	<u>2020</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Parking	\$ 684	196,324	(195,640)	(99%)
Student services	11,789	85,457	(73,668)	(86%)
Management and general	246,883	232,612	14,271	6%
Donated service	228,316	211,836	16,480	8%
Depreciation	<u>1,560</u>	<u>1,560</u>	<u>-</u>	-
Total operating expenses	489,232	727,789	(238,557)	(33%)
Nonoperating expenses - College support	<u>18,078</u>	<u>85,674</u>	<u>(67,596)</u>	(79%)
Total expenses	\$ <u>507,310</u>	<u>813,463</u>	<u>(306,153)</u>	(38%)

Total expenses for the year ended June 30, 2021 were \$507,310, a decrease of \$306,153 or 38%, compared to the previous year. This variance was primarily due to a decrease in College support, parking and student services expenses.

There were no other significant or unexpected changes in the Auxiliary's expenses.

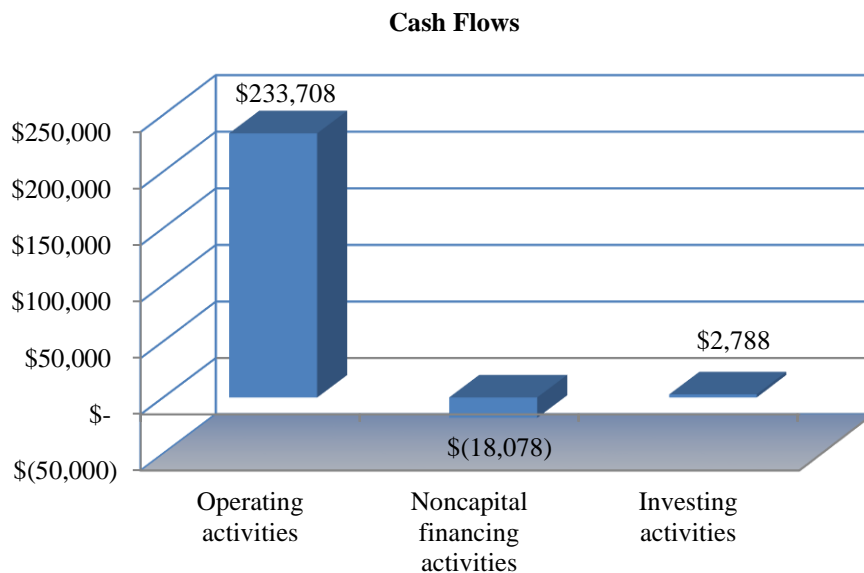
BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Management's Discussion and Analysis, Continued

The following illustrates the Auxiliary's expenses, by category, for the year ended June 30, 2021:



Cash Flows

The statements of cash flows provide information about cash receipts and cash payments during the year. These statements assist users to assess the Auxiliary's ability to generate net cash flows, meet its obligations upon maturity, and its dependency on external financing. The following summarizes the Auxiliary's cash flows for the year ended June 30, 2021:



BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Management's Discussion and Analysis, Continued

Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of student enrollment, which directly relates to the amount of revenue earned, as well as related expenses incurred and COVID-19 whose effect is not presently determinable.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Net Position

June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and equivalents	\$ 1,692,804	1,474,386
Commissions receivable	1,326	30,257
Accounts receivable - other, net of allowance for doubtful accounts of \$62,086 in 2021 and 2020	35,045	39,742
Due from CUNY	745,560	-
Prepaid expenses and other assets	<u>21,655</u>	<u>17,955</u>
	2,496,390	1,562,340
Noncurrent assets - capital assets, net	<u>35,880</u>	<u>37,440</u>
Total assets	<u>2,532,270</u>	<u>1,599,780</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	136,438	38,325
Due to related party	12,000	-
Unearned revenue	<u>3,120</u>	<u>11,250</u>
Total liabilities	<u>151,558</u>	<u>49,575</u>
<u>Net Position</u>		
Net investment in capital assets	35,880	37,440
Unrestricted	<u>2,344,832</u>	<u>1,512,765</u>
Total net position	<u>\$ 2,380,712</u>	<u>1,550,205</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Revenue, Expenses and Changes in Net Position

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating revenue:		
Commissions:		
Virtual bookstore	\$ 117,865	32,640
Cafeteria and vending	-	77,797
Kiosk print and copy	-	15,819
Regalia and memorabilia	9,005	43,147
Parking fees	-	191,769
Facility rentals	33,730	139,046
Testing	913	36,367
Royalty	12,854	76,009
Sri@jamaica bay	5,000	10,771
Donated services	228,316	211,836
ATM revenue	3,000	7,200
BCBC revenue	766	36,904
Prep center revenue	178,020	-
Grant revenue	-	10,000
Other	-	1,046
	<u>589,469</u>	<u>890,351</u>
Total operating revenue		
Operating expenses:		
Parking	684	196,324
Student services	11,789	85,457
Management and general	246,883	232,612
Donated services	228,316	211,836
Depreciation	1,560	1,560
	<u>489,232</u>	<u>727,789</u>
Total operating expenses		
Income from operations	<u>100,237</u>	<u>162,562</u>
Nonoperating revenue (expenses):		
Interest income	2,788	5,526
CUNY support	745,560	-
College support:		
College activities	(18,078)	(80,519)
Facilities construction	-	(5,155)
	<u>730,270</u>	<u>(80,148)</u>
Total nonoperating revenue (expenses), net		
Change in net position	830,507	82,414
Net position at beginning of year	1,550,205	1,269,277
Transfer from related entity (note 10)	-	198,514
Net position at end of year	<u>\$ 2,380,712</u>	<u>1,550,205</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from:		
Virtual bookstore commissions	\$ 118,283	31,911
Cafeteria and vending commissions	-	82,111
Kiosk print and copy	-	16,222
Regalia and memorabilia	9,005	43,147
Parking fees	-	191,769
Facility rentals	11,963	166,801
Testing	913	36,367
Royalty	12,854	76,009
Sri@jamaica bay	5,000	10,771
ATM revenue	3,000	4,650
Prep center revenue	178,020	-
BCBC revenue	6,756	30,914
Grant revenue	10,000	-
Other	-	7,147
Cash payments to/for:		
Employees' salaries and benefits	(184,855)	(207,135)
Vendors	78,160	(296,541)
Dues and fees	(12,506)	(29,683)
Other	(2,885)	(2,390)
Net cash provided by operating activities	<u>233,708</u>	<u>162,070</u>
Cash flows from noncapital financing activities:		
Transfer from related entity	-	198,514
College support	(18,078)	(85,674)
Net cash provided by (used in) noncapital financing activities	<u>(18,078)</u>	<u>112,840</u>
Cash flows from capital and related financing activities - purchase of capital assets	<u>-</u>	<u>(39,000)</u>
Cash flows from investing activities - interest income	<u>2,788</u>	<u>5,526</u>
Net change in cash and equivalents	218,418	241,436
Cash and equivalents at beginning of the year	<u>1,474,386</u>	<u>1,232,950</u>
Cash and equivalents at end of the year	<u>\$ 1,692,804</u>	<u>1,474,386</u>

(Continued)

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION
Statements of Cash Flows, Continued

	<u>2021</u>	<u>2020</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 100,237	162,562
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	1,560	1,560
Increase in provision for doubtful accounts	-	32,086
Changes in:		
Commissions receivable	28,931	4,314
Accounts receivable - other	4,697	3,740
Prepaid expenses and other assets	(3,700)	(12,692)
Accounts payable and accrued expenses	98,113	19,111
Due to related party	12,000	(59,861)
Unearned revenue	<u>(8,130)</u>	<u>11,250</u>
Net cash provided by operating activities	<u>\$ 233,708</u>	<u>162,070</u>

See accompanying notes to financial statements.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements

June 30, 2021 and 2020

(1) Nature of Organization

The Brooklyn College Auxiliary Enterprise Corporation (the Auxiliary) is a not-for-profit organization created for the principal purpose of developing and cultivating educational, social, cultural, and recreational activities among students of Brooklyn College (the College) of the City University of New York (CUNY or the University).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Auxiliary's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the Auxiliary is considered to be a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the Auxiliary is also considered to be a discretely presented component unit of the University, as defined by GASB.

(b) Net Position

The Auxiliary is required to report information regarding its financial position and activities according to the following classes of net position:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject to externally imposed stipulations requiring the Auxiliary to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the Auxiliary or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the Auxiliary's Board of Directors.

The Auxiliary had no restricted net position in 2021 and 2020.

(c) Cash and Equivalents

Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(d) Accounts Receivable

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

(e) Capital Assets

Capital assets are stated at cost at the date of acquisition or fair value at the date of contribution, if donated. In accordance with the Auxiliary's capital asset policy, capital assets are defined as any asset with a useful life of at least two years and a cost or value at the time of receipt of \$5,000 or more for all assets. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expense categories. The estimated useful lives of equipment and building improvements are five and twenty-five years, respectively.

(f) Revenue Recognition

Revenue is recognized in the period earned and is primarily derived from agreements with certain third-party organizations to provide the College with bookstore and cafeteria services, as well as other food services and fees charged for the use of parking facilities.

Revenue collected prior to year end, if any, relating to the summer and fall semesters of the subsequent year, are recorded as unearned revenue.

(g) Commissions

Virtual bookstore commissions represent income earned under a contract with a third-party vendor, who operates and maintains the online bookstore. The terms of the contract provide the Auxiliary with annual commissions equal to the greater of a fixed amount or an amount based on a percentage of sales. The contract expires on June 30, 2022. Total virtual bookstore commissions earned during the years ended June 30, 2021 and 2020 amounted to \$117,865 and \$32,640, respectively.

Cafeteria and vending commissions represent income earned under a contract with a third-party vendor for the sale of food and nonalcoholic beverages on the College's premises. The terms of the contract provide the Auxiliary with annual commissions based on a percentage of sales. The existing contract was for a five-year term commencing on July 8, 2014 and expired on July 7, 2019. The contract was renewed for a two-year term that expired on July 7, 2021. At June 30, 2021, the Auxiliary is searching for a new vendor to provide cafeteria and vending services. Total cafeteria and vending commissions earned during the year ended June 30, 2020 amounted to \$77,797. Due to the closure of the College during the COVID-19 pandemic, there were no cafeteria and vending commissions during the year ended June 30, 2021.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(h) Donated Services

The Auxiliary operates on the campus of the College and utilizes certain services made available to it. The cost savings associated with any such arrangements are recorded as donated services and are recognized as revenue and expenses in the accompanying statements of revenue, expenses and changes in net position, based on the estimated fair value of services received (note 7).

(i) Royalty Income

As of July 1, 2013, the University entered into a ten-year CUNY-wide pouring rights contract with Pepsi-Cola Bottling Company of New York, Inc. regarding the supply and distribution of certain beverages for consumption at the University. This contract replaced all previous pouring rights contracts, whether with Coke or Pepsi, and including those with college auxiliary enterprise corporations.

(j) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(l) Subsequent Events

The Auxiliary has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

(m) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the Auxiliary and its future results and financial position is not presently determinable.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(n) Income Taxes

The Auxiliary is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The Auxiliary has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. The Auxiliary presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the Auxiliary has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the Auxiliary are subject to examination by taxing authorities.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the Auxiliary's deposits may not be returned in the event of a bank failure. At June 30, 2021 and 2020, \$500,000 and \$250,000 of the Auxiliary's bank balance of \$1,692,804 and \$1,474,087, respectively, was covered by Federal Deposit Insurance Corporation (FDIC) insurance. Additionally, at June 30, 2021 and 2020, \$907,261 and \$1,224,087, respectively, was covered by a letter of credit through Signature Bank guaranteeing the funds. At June 30, 2021, \$285,543 of the Auxiliary's bank balance was exposed to custodial credit risk.

(4) Accounts Receivable - Other

As of June 30, 2021, and 2020 accounts receivable - other included funds in the amount of \$68,984 that will be provided to the College for storm damage sustained during October 2012 which is expected to be reimbursed by FEMA. As of June 30, 2021 and 2020, the Auxiliary had recorded a \$62,086 allowance for doubtful accounts related to this receivable.

(5) Related Party Transactions

During the year ended June 30, 2021, CUNY paid the legal fees for the Auxiliary. The total amount reimbursable to CUNY at June 30, 2021 was \$12,000. This amount is reported as due to related party at June 30, 2021.

During the year ended June 30, 2021, CUNY allocated \$745,560 of additional support to the Auxiliary for loss of the revenue due to the COVID-19 pandemic causing the University to close and pause operations. The additional support is included in nonoperating revenue in the accompanying statements of revenue, expenses and changes in net position. The Auxiliary had a related receivable amounting to \$745,560 due from CUNY.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(6) Capital Assets

At June 30, 2021 and 2020, capital assets, consisted of the following:

	<u>2021</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Building improvements	\$ 39,000	-	-	39,000
Less accumulated depreciation	<u>(1,560)</u>	<u>(1,560)</u>	<u>-</u>	<u>(3,120)</u>
Capital assets, net	\$ <u>37,440</u>	<u>(1,560)</u>	<u>-</u>	<u>35,880</u>
	<u>2020</u>			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>
Building improvements	\$ -	39,000	-	39,000
Less accumulated depreciation	<u>-</u>	<u>(1,560)</u>	<u>-</u>	<u>(1,560)</u>
Capital assets, net	\$ <u>-</u>	<u>37,440</u>	<u>-</u>	<u>37,440</u>

(7) Donated Services

The Auxiliary enterprise utilizes certain professional services provided by the College. The estimated fair values of professional services are included in the accompanying statements of revenue, expenses and changes in net position. Professional services for the years ended June 30, 2021 and 2020 amounted to \$228,316 and \$211,836, respectively.

(8) Unrestricted Net Position Designated by the Board

During 1993, the Auxiliary received a reimbursement of approximately \$130,000 from the Dormitory Authority of the State of New York related to dining facilities for expenses made in prior years. The Board of Directors of the Auxiliary agreed to set aside this reimbursement to be used at the discretion of the President of the College to support student-centered operations, such as the dining facilities. At June 30, 2021 and 2020, unrestricted net position included \$18,078 and \$85,674, respectively, designated by the Board of the Auxiliary to support student-centered operations.

Additionally, unrestricted net position at June 30, 2021 and 2020 includes approximately \$684 and \$15,324, respectively, designated by the Board to fund costs related to the operation and maintenance of the parking lots on the premises of the College, as required by action of the Board of Trustees of CUNY.

BROOKLYN COLLEGE AUXILIARY ENTERPRISE CORPORATION

Notes to Financial Statements, Continued

(9) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

(10) Transfer From Related Entity

During the year ended June 30, 2020, the Auxiliary received the entire net position from a related entity, Brooklyn College Center for Performing Arts (the Center). The Center was previously operating as part of Brooklyn College's Non-Tax entity and the entire net position of \$198,514 was transferred to the Auxiliary.